



Office of the Chairman

Surface Transportation Board
Washington, D.C. 20423-0001

August 15, 2007

Re: Railroad Service Demands

Dear Chief Executive Officer:

As you know, for the past several years, the Surface Transportation Board has inquired into the ability of the railroads to meet demands for rail service. Looking ahead to the rest of 2007, I want to ensure that any spikes in rail traffic demand can be handled as efficiently as possible. The wheat harvest is already underway, and we have begun to see the peak demands that often result as that wheat comes to market. We will soon see the peak for other agricultural products as well. Moreover, the holiday peak season for intermodal movements soon will be upon us and the industry will be asked to address that demand with minimal impact to system fluidity and customer service.

While addressing these peak service demands, the industry must continue to ensure the delivery of other essential services, including the rail transportation of energy resources. The Board will hold its first meeting of its newly formed Rail Energy Transportation Advisory Committee this fall. One of the first items we will examine is the outlook for this winter regarding the supply of coal and other energy resources.

Based on the demands outlined above, I believe it is necessary for the STB to continue its close monitoring of the railroads' service plans. This will contribute to the confidence levels of both the STB and the shipping community that the railroads are prepared to handle any spikes in demand that are expected for the remainder of the year. Therefore, please provide your service plans for the remainder of the year, including:

- The steps your railroad is taking to ascertain demand for and prepare for this year's peak shipping season, with an emphasis on the commodity areas of agriculture (grain, grain products, and ethanol), coal, chemicals, and intermodal;
- A projection, by month, of your railroad's overall performance goals in the areas of cars-on-line, terminal dwell, train speed, and expected trainmen and engineer employment levels (L600) from September through December of this year;

- Your railroad's plans for achieving those goals; and
- Your railroad's plans to communicate the above to customers.

The STB's hearing on rail capacity and infrastructure on April 11, 2007 demonstrated that many rail service issues are related to insufficient rail capacity. Therefore, I would like you to provide, in addition to the information described above, the following capital-related information:

- Your railroad's capital plans for increasing capacity in 2008;
- Your railroad's critical capacity-related infrastructure needs; and
- Your railroad's plans for addressing those critical capacity-enhancing infrastructure needs and your expectation for timely completion of those improvements.

I ask that you respond to this letter and provide the Board with this information by Friday, September 14, 2007. Please keep in mind that, as has been the case in the past, the Board expects to make the responses public. I look forward to your responses and to continuing to work together to ensure that the shipping public has efficient and reliable rail service.

Sincerely,



Charles D. Nottingham
Chairman

cc: The Honorable W. Douglas Buttrey
The Honorable Francis P. Mulvey
Mr. Edward R. Hamberger